

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 629
OFFERED BY MR. RYAN OF WISCONSIN

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Permanent S Corpora-
3 tion Built-in Gain Recognition Period Act of 2015”.

4 SEC. 2. REDUCED RECOGNITION PERIOD FOR BUILT-IN
5 GAINS OF S CORPORATIONS MADE PERMA-
6 NENT.

7 (a) IN GENERAL.—Paragraph (7) of section 1374(d)
8 of the Internal Revenue Code of 1986 is amended to read
9 as follows:

10 “(7) RECOGNITION PERIOD.—

11 “(A) IN GENERAL.—The term ‘recognition
12 period’ means the 5-year period beginning with
13 the 1st day of the 1st taxable year for which
14 the corporation was an S corporation. For pur-
15 poses of applying this section to any amount in-
16 cludible in income by reason of distributions to
17 shareholders pursuant to section 593(e), the

1 preceding sentence shall be applied without re-
2 gard to the phrase ‘5-year’.

3 “(B) INSTALLMENT SALES.—If an S cor-
4 poration sells an asset and reports the income
5 from the sale using the installment method
6 under section 453, the treatment of all pay-
7 ments received shall be governed by the provi-
8 sions of this paragraph applicable to the taxable
9 year in which such sale was made.”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 this section shall apply to taxable years beginning after
12 December 31, 2014.

